Interim Authority for Community Living British Columbia

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MARCH 31, 2005

105-06037/

Interim Authority for Community Living British Columbia
Financial Statements
For the Fiscal Year Ended March 31, 2005

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Report of the Auditor General of British Columbia

To the Board of Directors
of the Interim Authority for Community Living British Columbia, and

To the Minister of Children and Family Development,
Province of British Columbia:

I have audited the statement of financial position of the *Interim Authority for Community Living British Columbia* as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Interim Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Interim Authority for Community Living British Columbia* as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 11, 2005

Wayne Strelioff, FCA
Auditor General

Interim Authority for Community Living British Columbia
Financial Statements
For the Fiscal year Ended March 31, 2005

Statement of Management's Responsibility for Financial Reporting

The financial statements of the Interim Authority have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting polices exist, management has chosen those it deems to be most appropriate in the circumstance.

Management is responsible for the integrity of the financial statements and has established systems of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized in compliance with legislation and financial records are properly maintained to facilitate the preparation of timely financial statements that are accurate in all material respects.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the Interim Authority. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Interim Authority.

Rick Mowles
Interim Chief Executive Officer

Richard Hunter
Vice President Corporate Services

Victoria, British Columbia
May 11, 2005.

Interim Authority for Community Living British Columbia
Statement of Financial Position
As at March 31, 2005

Assets	2005	2004
Current Assets		
Cash	$1,933,052	$2,849,338
Prepaid Expenses	13,480	27,500
Accounts Receivable	5,750	11,795
Total Current Assets	1,952,282	2,888,633
Capital Assets (note 3)	895,191	253,705
Total Assets	$2,847,473	$3,142,338
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities (note 4)	$ 104,969	$ 577,532
Deferred Contributions (note 5)	1,500,597	1,500,597
Total Liabilities	1,605,566	2,078,129
Net Assets		
Invested in Capital Assets (note 6)	78,622	57,693
Unrestricted	1,163,285	1,006,516
Total Net Assets	1,241,907	1,064,209
Total Liabilities and Net Assets	$2,847,473	$3,142,338

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Interim Authority

L. Hollstedt

Lois Hollstedt, Chair

CK Crump

Kenneth Crump, Director

Interim Authority for Community Living British Columbia
Statement of Operations
For the Fiscal Year Ended March 31, 2005

	2005	2004
Revenues		
Provincial Government Operating Grants	$1,200,000	$3,443,000
Interest Income	54,889	100,915
Miscellaneous Income	1,883	28,840
Total revenues	1,256,772	3,572,755
Expenses		
Consulting Fees (Note 7)	341,658	1,266,034
Staff Costs (Note 7)	321,167	1,117,268
Board Costs (Note 8)	190,692	252,538
Travel	81,466	342,413
Accommodation (Note 9)	65,428	204,787
General Administration	46,504	62,682
Conference Costs	16,683	19,572
Legal Fees	7,892	106,972
Office Supplies	5,014	32,217
Amortization	2,570	1,285
Advertising	-	26,300
Total Expenses	1,079,074	3,432,068
Excess of Revenues Over Expenses	$ 177,698	$ 140,687

The accompanying notes are an integral part of these financial statements.

Interim Authority for Community Living British Columbia
Statement of Changes in Net Assets
For the Fiscal Year Ended March 31, 2005

	Invested in Capital Assets	Unrestricted	2005 Total	2004 Total
Balance, beginning of year	$ 57,693	$1,006,516	$1,064,209	$ 923,522
Excess (deficiency) of revenues over expenses	(31,878)	209,576	177,698	140,687
Capital Asset Purchases	52,807	(52,807)	-	-
Balance, end of year	$ 78,622	$1,163,285	$1,241,907	$1,064,209

The accompanying notes are an integral part of these financial statements.

Interim Authority for Community Living British Columbia
Statement of Cash Flows
For the Fiscal Year Ended March 31, 2005

	2005	2004
Cash Provided By:		
Operating Activities:		
Excess of Revenues Over Expenses	$ 177,698	$ 140,687
Items Not Involving Cash		
Amortization of Capital Assets	2,570	1,285
Net Change in Non-Cash Operating Working Capital	(452,498)	(64,301)
	(272,230)	77,671
Investing:		
Computer Equipment	(52,807)	(69,231)
Work In Progress	(591,249)	(185,759)
	(644,056)	(254,990)
Increase (Decrease) in Cash	(916,286)	(177,319)
Cash and Cash Equivalents, Beginning of Year	2,849,338	3,026,657
Cash and Cash Equivalents, End of Year	$1,933,052	$2,849,338

The accompanying notes are an integral part of these financial statements.

Interim Authority for Community Living British Columbia
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2005

1. Purpose of the Interim Authority for Community Living British Columbia

The Interim Authority for Community Living British Columbia (Interim Authority) was created under the Community Services Interim Authorities Act on November 13, 2002. The Interim Authority has all powers, duties and responsibilities granted an Interim Authority under the Act.

The purposes of the Interim Authority are to prepare for the establishment and operation of the permanent Provincial Authority for Community Living British Columbia (Provincial Authority), and to perform the functions necessary to facilitate the provision of some or all of community living services, by the Provincial Authority, in place of the Ministry of Children and Family Development.

The Interim Authority is exempt from federal and provincial income taxes and may not incur a deficit of any kind without the approval of the Minister of Children and Family Development. When the Provincial Authority is established, all acquired assets, liabilities, and equity of the Interim Authority will be transferred to the Provincial Authority.

A review was commissioned in February, 2004 to provide an updated assessment of the state of readiness for the devolution of community living services from the Ministry of Children and Family Development to the Provincial Authority. As a result of the review, a new transitional management structure was created on August 1, 2004 within the ministry. The new structure, involving joint leadership by the Deputy Minister and the Board Chair of the Interim Authority, is responsible for managing community living services during the transition and for initiating the organizational changes needed to support the Provincial Authority. The Interim Authority's Board continues to guide the transition process by providing direction to the new management structure team on all transition, service delivery and labour relations planning. The Board also guides the team in introducing the core components of the Provincial Authority's proposed service delivery model, including independent planning support, individualized planning, and centralized contract management.

With the creation of the new management structure, all ministry staff that had been seconded to the Interim Authority returned to the ministry and all consulting contracts, other than for information technology, were assumed by the ministry.

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

(b) Revenue Recognition

The Interim Authority follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted Contributions for expenditures that will be incurred in future periods are deferred and recognized in the period in which the related expenditures are incurred.

Restricted contributions for the purchase of capital assets that are amortized are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Restricted contributions for the purchase of capital assets that will not be amortized are recognized as a direct increase in net assets.

(c) Capital Assets

Purchased capital assets are recorded at their historical cost. Contributed capital assets are recorded at fair value at the date of contribution. The cost, less any residual value, of the capital assets is amortized on a straight-line basis over the relevant asset's estimated useful life. Computer equipment (includes: hardware, software and related peripherals) is amortized over three years.

Work-in-progress represents the unamortized costs incurred to date for the development of information technology, which is not substantially complete or is not in production at the end of the year. On completion the work-in-progress balance is transferred to the completed assets account and amortized over its estimated useful life. If a project is terminated or put on hold indefinitely, any costs currently recorded as work-in-progress are written off.

(d) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements.

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Uncertainty exists whenever estimates are used

because it is reasonably possible that there could be a difference between the recognized amount and another reasonably possible amount.

3. Capital assets

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Systems Development Work-In-Progress	$ 816,569	$ -	$ 816,569	$ 196,012
Computer Equipment	122,038	43,416	78,622	57,693
Total Capital Assets	$ 938,607	$ 43,416	$ 895,191	$ 253,705

Current year amortization in the amount of $ 29,308 (2004: $10,253) has been capitalized as Work-in-Progress and $2,570 (2004: $1,285) has been expensed to this year's operations.

4. Accounts Payable and Accrued Liabilities

	2005	2004
Vancouver Coastal Health Authority	$ 43,742	$ -
Consulting Fees	23,306	226,993
Province of British Columbia	23,000	269,763
Board Members	13,007	32,704
Trade Accounts	1,914	28,045
British Columbia Buildings Corporation	-	20,027
Total Accounts Payable and Accrued Liabilities	$ 104,969	$ 577,532

5. Deferred Contributions

Deferred contributions represent restricted contributions from the Ministry of Children and Family Development for the development and purchase of capital assets.

	2005	2004
Development of Information Technology Systems	$1,000,000	$1,000,000
Purchase of Ministry Assets for the Interim and Provincial Authority	500,597	500,597
Total Deferred Contributions	$1,500,597	$1,500,597

As at March 31, 2005, $816,569 (2004: $196,012) of the deferred contributions for development of new information technology was incurred as Work-In-Progress.

Interim Authority for Community Living British Columbia
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2005

6. Invested in Capital Assets

	2005	2004
Capital Assets	$ 895,191	$ 253,705
Amount Financed by Unamortized Capital Contributions	(816,569)	(196,012)
Total Invested in Capital Assets	$ 78,622	$ 57,693

7. Staff Costs and Consulting Fees

All work of the Interim Authority is performed by employees seconded to the Interim Authority by the Province or by independent contractors and consultants.

Since the Interim Authority has no employees, no provision for future employee benefits has been made.

8. Board Costs

The *Community Services Interim Authorities Act* provides that the Interim Authority may pay a voting member of the board the remuneration set by the Minister. Expenses incurred in carrying out the business of the Board are in accordance with Treasury Board directives.

During the reporting period the Interim Authority board incurred the following costs:

	2005	2004
Director's Fees	$ 185,875	$ 188,386
Business Expenses	4,817	64,152
Total Board Costs	$ 190,692	$ 252,538

The board also incurred travel costs of $20,254 bringing the total board costs to $210,946. In 2004 the amounts were $124,246 and $376,784 respectively.

9. Related Party Transactions

The Interim Authority is related through common control to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations, and are recorded at their fair market value.

- The Interim Authority receives all of its funding from the Province of British Columbia and is therefore economically dependent on the Province of British Columbia.
- Accommodation for office space is leased through British Columbia Buildings Corporation, at fair market value.
- The Province of British Columbia provides support services for seconded staff at no charge.
- Effective August 1, 2004, the Province of British Columbia provides administration, accounting and contract management support services to the Interim Authority for a nominal fixed fee of one hundred dollars ($100).
- System development work-in-progress includes $43,742 payable to the Vancouver Coastal Health Authority for costs incurred in the development of the service delivery management information system to be used by the Provincial Authority.

10. **Commitments and Contingencies**

Since the Interim Authority exists to facilitate the transfer of ministry programs to the Provincial Authority, no long-term contracts have been entered into.

The Interim Authority has no outstanding legal claims against it or any known contingent liabilities.